



## **Informal Rate Process: CVP Rates Public Meeting Notes**

**Meeting Date: July 23, 2008, 9:30 AM – 3:30 PM**

**Location: 114 Parkshore Dr., Folsom, CA. 95630**

### **July 23<sup>rd</sup> Agenda**

1. Welcome
a. Introductions
b. Agenda
2. Follow Up to July 9, 2008 Informal Rate Meeting
a. Customer Feedback
b. Other Questions
3. Allocation of Reclamation O&M to power
4. Item 4 stricken from agenda
5. PRR cost components – if time permits
6. Next Meeting
a. August 21 <sup>st</sup> meeting cancelled
b. October dates: Set for October 7 <sup>th</sup> , 30 <sup>th</sup> & November 20 <sup>th</sup>

### **Introduction**

Western revised the agenda to accommodate some requests that were made with regard to attendance conflicts. The August 21, 2008 meeting was rescheduled to accommodate Western's internal needs.

### **Follow Up to the July 9<sup>th</sup> Customer Meeting**

Western discussed the July 9, 2008 meeting and informed everyone that the meeting notes and handouts were going to be posted to the website (<http://www.wapa.gov/sn/marketing/rates/>).

### **Allocation of Reclamation O&M to Power**

Western's Financial Manager, Janice Nations, discussed how Reclamation's fiscal year 2007 expenses were allocated in relation to the presentation given by Craig Stroh at the July 9<sup>th</sup> meeting. Janice discussed the allocation of multipurpose expenses (Schedule 25, multipurpose activities which serve more than one purpose/function) and the way in which the expenses allocated to the power function are then reported on Schedule 16 entitled "Operating/Program

Expense – Power.” Janice provided examples of Folsom Dam and Reservoir and Suisun Marsh, and how they were connected within the two schedules. Copies of Schedule 16 and Schedule 25 of Reclamation’s FY07 CVP Financial Statement, as well as an additional reference handout were provided. It was discussed that the percentage allocation to the power function of a multipurpose cost authority may vary from one year to the next. This variation is generally very minimal. The purpose for the discussion was to explain how the Schedules interrelate and that it is the Schedule 16 power expenses that are used in the development of the Power Repayment Study (PRS) and Power Revenue Requirement (PRR).

Additionally this presentation was made to draw a correlation between the FY08 amounts presented by Craig and the amounts the customers have seen in the FY08 PRR. The relevant factor is that Craig’s FY08 amounts are based on appropriation budget amounts which do not include customer advances. The total power expenses used in the PRR (and ultimately the PRS) include expenses from both customer advances and appropriations.

[NOTE: Prior to making this presentation, Janice discussed the presentation material in concept with Tom Ruthford, the power accountant at Reclamation, who was unable to attend the meeting and give the presentation.]

### **Power Revenue Requirement**

Western provided several handouts related to the PRR. Handout A provided the historical PRR amounts since January 2005 (when the current rate design went into effect). Handout B is a generic example of the PRR worksheet showing how expenses and revenues are broken down, and the line items were discussed. Handouts C and D are detailed breakdowns of the O&M expenses for both Western and Reclamation and where these expenses are included in the PRR.

### **Fiscal Year 2006 True-Up (Reclamation O&M)**

Reclamation’s FY 2006 Operation and maintenance costs used for the project use true-up were presented by Western. This information was used to explain the project use formula worksheet used to allocate O&M costs to the project use customers. This worksheet elicited many questions from the group, including: 1) where does project use pay other than in formula 3; 2) the identification of formulas ; and 3) what are the differences between Reclamation and Western costs.

### **Action Items**

1. O&M Allocation: the percentage used to allocate multipurpose expenses on Schedule 25 change each year; can it be explained why and how they change. (Reference the Schedule 25 handout). [Tom Kabat & Rick Coleman]
  - 1.1. Can the allocation formulation from #1 above be made available to customers (possibly in an excel spread sheet) and explain the formulation. [Tom Kabat]

2. Ask The Bureau of Reclamation (BOR) for the Excel version of Schedule 25; and who is responsible for Quality Control & Quality Assurance (QC/QA) of the percentages used within the Schedule 25. [Tom Kabat]
3. Ask BOR to explain change from original percentage allocation of plant to today's percentage allocation (i.e. annual percent adjustment). Explain difference and how it is allocated. Use Folsom plant figures for original and 2006 to 2007 as an example. [Tom Kabat].
4. Requests regarding the display and format of the PRR worksheet:
  - 4.1. Consider adding transmission systems to footnote 12 on Handout B (PRR Worksheet). Check with Koji on info that can be made available to ensure that we're operating within FERC's Standards of Conduct (SOC).
  - 4.2. Add a project use column showing to which Western costs project use revenues are applied. [David Cohen]
  - 4.3. Provide additional descriptions for select line items for the PRR worksheet provided at the meeting; also provide additional detail in the footnotes. [Tom Kabat]
  - 4.4. Look at MRTU related costs such as O&M and Reliability etc., describe where those costs flow – i.e. where are they included in the PRR worksheet (cost of service in vs. out). [Kent Palmerton].
  - 4.5. Provide more detail on SCIDS associated with line 9 of the PRR (footnote section). [Rick Coleman]
5. Project Use vs. First Preference showing percentage of project use share, formula, allocated cost (similar to the Reclamation O&M handout). [Rick Coleman] Note: this was not on the board, but was the last question asked before meeting adjourned.

**Attendance Roster**

<b>Name</b>	<b>Agency</b>
Paul Landry	Bureau of Reclamation
Paul Eichenberger	City of Shasta Lake
Tom Kabat	City of Palo Alto
Nick Zettel	City of Redding
James Takehara	City of Roseville
Bill Stewart	Lassen Municipal Utility District
Cindy Ardison	Merced Irrigaion
David Oliveras	Modesto Irrigation District
David Cohen	Navigant Consulting, representing TANC
Brent Ten Pas	Northern California Power Agency
Jerry Toenyas	Northern California Power Agency
Nannette Engelbrite	Northern California Power Agency
Basil Wong	Port of Oakland
Kent Palmerton	Power and Water Resources Pooling Authority
Cori Pritchard	Robertson-Bryan, Inc Representing Eastside Power Authority
Ken Sims	Silicon Valley Power
Kathleen Rustrum	Toulumne Public Power Agency
Rick Coleman	Trinity Public Utilities District
Charles Faust	Western Area Power Administration
Deb Dietz	Western Area Power Administration
Janice Nations	Western Area Power Administration
Megan Jones	Western Area Power Administration
Melinda Grow	Western Area Power Administration
Nicole Hines	Western Area Power Administration
Russell Knight	Western Area Power Administration
Sandee Peebles	Western Area Power Administration
Sean Sanderson	Western Area Power Administration
Sonja Anderson	Western Area Power Administration
Steve Richardson	Western Area Power Administration